

FISCAL NOTE

Bill #: HB0343

Title: Revise laws governing state fund-charitable contributions prohibited

Primary Sponsor: Sales, S

Status: As Introduced

Sponsor signature _____ Date _____

Chuck Swysgood, Budget Director _____ Date _____

Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
Proprietary	(\$28,514)	(\$28,514)
Revenue:		
Proprietary	(\$28,514)	(\$28,514)
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

- During the 2001 legislative session, the State Fund Board of Directors was authorized to expend funds for scholarship, educational, or charitable purposes.
- The State Fund Board of Directors approved a budget of \$23,220 for FY 2002, of which \$23,000 was donated to the following charitable organizations:

Intermountain Children's Home	\$ 1,000
Montana Chapter of the American Red Cross	\$ 5,000
Rocky Mountain Development	\$ 5,000
CM Russell Museum	\$ 250
Special Olympics	\$ 500
Blue Cross/Blue Shield Governors Cup	\$ 2,500
PEERS Unlimited	\$ 250
Stevensville Athletic Association	\$ 500
MT Sentinel Southside Little League	\$ 500
St. Peters Hospital Foundation	\$ 5,000

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Boys and Girls Club of Flathead	\$ 500
Montana Rescue Mission	\$ 250
Bitterroot Therapeutic Riding	\$ 500
Brain Injury Association of Montana	\$ 500
Florence Crittenton Home	\$ 250
American Cancer Society, Relay for Life	\$ 500
Total	\$23,000

3. For FY 2003, the State Fund Board of Directors approved a total budget of \$63,414 for charitable giving and scholarships; \$27,764 for charitable giving, \$34,500 for scholarships and \$1,150 for scholarship administration fees (23 students at \$50 per year).
4. FY 2003 year-to-date contributions from the charitable giving program include:

Ravalli Head Start	\$ 1,500
Boys & Girls Club of Northern Cheyenne Nation	\$ 500
Montana Chapter of the American Red Cross	\$10,000
Intermountain Children's Home	\$ 1,000
Total	\$13,000

5. The charitable contribution to Red Cross of Montana is stated at its maximum and is dependent on matching funds.
6. State Fund Board of Directors also approved a FY 2003 budget of \$34,500 to establish a scholarship program to benefit dependents of fatally-injured employees covered by State Fund policies.
7. The FY 2003 budget was based on an estimated 23 scholarships being awarded at \$1,500 each.
8. Currently the MSF has eight students receiving funds under the scholarship program. Each is expected to have received \$1,500 by the end of January 2003. A total of \$12,000 will be expended for scholarships in FY 2003. Over the four years these students are eligible under the program, State Fund will expend \$48,000, if all of the students maintain their eligibility by continuing enrollment and maintaining a 2.0 GPA. The current scholarship recipients may have the contractual or other legal right to continue receiving the scholarships.
9. Administration fees are \$50 per student per year, for a total of \$400 per year. The program is administered through the Montana Guaranteed Student Loan Program by the Commissioner of Higher Education.
10. Upon passage of this legislation the MSF Board will no longer be authorized to expend funds for scholarship, educational, or charitable purposes.
11. MSF would have an estimated savings of \$28,514 in each year of the biennium (\$27,764 for the charitable giving program and \$750 is administration fees for the scholarship program).
12. The State Fund is funded through premiums charged to policyholders and investment income.
13. The State Fund is required in law to '...charge premiums for the classifications so that the state fund will be neither more nor less than self-supporting.' (39-71-2316(5), MCA)
14. Decreases in expenditures will be factored into the ratemaking process.
15. The FY 2004 budget will be adopted by the board in June and would no longer include this item.

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FISCAL IMPACT:

State Fund	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	(\$28,514)	(\$28,514)
<u>Funding of Expenditures:</u>		
Proprietary (06)	(\$28,514)	(\$28,514)
<u>Revenues:</u>		
Proprietary (06)	(\$28,514)	(\$28,514)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
Proprietary (06)	\$0	\$0